

The above duties do not, however, wholly operate. Section 23 of the amending measure, *inter alia*, provides—

(1) Where any manufactured tobacco has been manufactured wholly or partly from imported unmanufactured tobacco, the aggregate of the Customs duties (exclusive of primage duty or surtax) payable on such unmanufactured tobacco, and the excise duties payable on such manufactured tobacco, shall not exceed the following amounts, namely :—

- (a) In the case of tobacco (cut) . . . . . Three shillings and eightpence the pound.
- (b) In the case of tobacco, fine cut, suitable for the manufacture of cigarettes . . . . . Eleven shillings and ninepence the pound.
- (c) In the case of other tobacco . . . . . Three shillings and sixpence the pound.
- (d) In the case of cigars or snuff . . . . . Seven shillings and sixpence the pound.
- (e) In the case of cigarettes—
  - (i) Manufactured by machinery . . . . . Twelve shillings the pound.
  - (ii) Made by hand . . . . . Ten shillings and sixpence the pound.

(2) For the purposes of this section the decision of the Minister that any particular manufactured tobacco has been wholly or partly manufactured in New Zealand from imported unmanufactured tobacco shall be final and conclusive.

The incidence of these duties was fully explained to the Committee by Doctor G. Craig, Comptroller of Customs :—

“ I will take that as the basis if you like. Now, gentlemen, I do not wish to be very complex in regard to this matter. I will first of all go into the question of cut tobacco as an illustration of the position, and then, later on, I will say something about cigarettes. Cigars are really unimportant. Prior to the 22nd July of this year the duty on manufactured cut tobacco was 4s. 2d. per pound, plus 2 per cent. primage *ad valorem*, and on the unmanufactured leaf tobacco it was 2s. per pound, plus 2 per cent. primage. The excise duty in force prior to the 22nd July on cut tobacco was 1s. 8d. per pound. So that, at that time, on manufactured tobacco made in New Zealand from imported leaf they had to pay a total duty of 3s. 8d. per pound, as against 4s. 3d. That was a protection of 6d. per pound for manufactured cut tobacco made from imported leaf tobacco. Now under the Customs Acts Amendment Act of 1930, passed on the 18th of this month, the duty on imported manufactured tobacco is 4s. 2d. per pound, plus a surtax of 5 per cent., or one-twentieth. Then, on imported leaf tobacco the duty is 3s. per pound, plus a surtax of one-twentieth of the duty. The duty on tobacco (cut) is 1s. 8d. per pound, with a proviso that in no case shall the aggregate of the import duty, exclusive of surtax, and plus excise duty, exceed 3s. 8d. per pound. That means that the manufacturer of tobacco from imported unmanufactured leaf still gets the protection he got under the old tariff. I will now give you some figures showing the effect of these duties on tobacco made from different proportions of New Zealand leaf. I will give you those figures now, but I will also have them prepared in the form of a statement, which I will send to you later on. Under the old tariff, the one in force prior to the 22nd July of this year, if 10 per cent. of New Zealand leaf were used the total duty payable would be 3s. 5-6d. I may say that I have omitted the primage and surtax in these calculations altogether. That means that the manufacturer of that tobacco got a concession of 8-4d. That is the difference between 3s. 5-6d. and 4s. 2d. Under the Act as now passed the total duty payable is the minimum—namely, 3s. 8d.: that is, he only gets a protection of 6d. per pound, in lieu of 8-4d. previously. But if he used 20 per cent. of New Zealand leaf he previously got 10-8d. concession, and now he gets 6d.; if he used 30 per cent. of New Zealand leaf he got 1s. 1d. concession, and now he gets still 6d.; and so on up to 33½ per cent. the only protection he gets is 6d. When he used 40 per cent. of New Zealand leaf the concession used to be 1s. 3-6d.; now it is 8-4d. Then, getting on to the lines usually made in New Zealand, apart from the lines of wholly imported leaf: 50 per cent. of New Zealand leaf used, concession of 1s. 6d., now 1s.; 60 per cent. of New Zealand leaf used, concession 1s. 8-4d., now 1s. 3-6d.; 70 per cent. of New Zealand leaf used, concession 1s. 10-8d., now 1s. 7-2d.; 80 per cent. of New Zealand leaf used, concession 2s. 1-2d., now 1s. 10-8d.; 90 per cent. of New Zealand leaf used, concession 2s. 3-6d.; now 2s. 2-4d. Then for 100 per cent. of New Zealand leaf he did get, and he does get now, 2s. 6d. per pound.”

The table referred to by Doctor Craig in his statement to the Committee tabulates the incidence of the duties in relation to the ratio of domestic leaf used as under :—

*Statement showing Duties (Customs and Excise, exclusive of Primage and Surtax) on Cut Tobacco manufactured in New Zealand and entered therein for Home Consumption prior to and after the Recent Alterations made by the Customs Acts Amendment Act, 1930.*

#### OLD RATES.

Duty on imported leaf, 2s. per pound. Excise duty on manufactured cut tobacco, 1s. 8d. per pound.

Percentage of New Zealand Leaf in the Manufactured Tobacco		100	90	80	70	60	50	40	30	20	10	All imported.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Duty on raw leaf	..	..	2 4	4 8	7 2	9 6	1 0	1 2-4	1 4-8	1 7-2	1 9-6	2 0
Excise duty	..	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8
		1 8	1 10-4	2 0-8	2 3-2	2 5-6	2 8	2 10-4	3 0-8	3 3-2	3 5-6	3 8
Difference in duty in favour of locally manufactured tobacco over imported tobacco		2 6	2 3-6	2 1-2	1 10-8	1 8-4	1 6	1 3-6	1 1-2	0 10-8	0 8-4	0 6